

ABSTRACT

This purpose of this study is to examine the effect of the information of Corporate Social Responsibility (CSR) disclosed in the company's annual reports on the value relevance of earnings (measured by Earnings Response Coefficient). The study hypothesized that there is a negative effect of CSR disclosures on the value relevance of earnings (ERC). The sample consists of 31 of annual reports of companies listed on index LQ-45 from 2010 - 2011. The companies are selected by using purposive sampling method. To examine the hypothesis, it is used multiple regression analysis with interaction model. The study finds that CSR disclosure have a negative effect on the value relevance of earnings (ERC). The result support the hypothesis that CSR disclosure has a negative effect on value relevance of earnings (ERC). That means CSR disclosures get a positive response from investor.

Keywords : Corporate Social Responsibility Disclosures, Earnings Response Coefficient, Value Relevance of Earnings